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TAGS: 385R. STIC, ECON, ETRO, SEXP, EINV, CH SUBJECT: JCCT'S BUSINESS DEVELOPMENT AND INDUSTRIAL COOPERATION PLEMARY SESSIONS OCTOBER LY

- SUMMARY: U.S. AND CHINA CO-CHAIRS OF THE JECT BUSINESS DEVELOPMENT AND INCUSTRIAL COOPERATION (BDIC) WORKING GROUP PLENARY SESSICH EXPRESSED SATISFACTION WITH THE CONTINUED SUCCESS OF THE BDIC IN PROMOTING BILATERAL ECOMONIC COOPERATION. FUTURE AREAS OF COOPERATION WERE OUTLINED BY SUBGROUPS. THE CHINESE URGED GREATER RELAXATION OF U.S. EXPORT CONTROLS ON HIGH TECHNOLOGY EQUIPMENT GALES. END SUMMARY.
- I. LIU HU. DIRECTOR GENERAL OF THE SCIENCE AND
 TECHNOLOGY OFFICE OF CHINA'S MINISTRY OF FOREIGN TRADE
 AND ECONOMIC COOPERATION (MOFTEC), OPENED THE MEETING BY
 REVIEWING DEVELOPMENTS IN THE BDIC WORKING GROUP SINCE
 THE 5TH PLENARY SESSION OF THE JCCT WAS HELD IN APRIL
 1994. SEVERAL SUBGROUPS HAD BEEN REORGANIZED TO MORE
 ACCURATELY REFLECT THE DIVISION OF ADMINISTRATIVE
 RESPONSIBILITY IN CHINESE MINISTRACES. SOME SUBGROUPS HAD
 DISCUSSED SPECIFIC BUSINESS CONTRACTS WHILE OTHERS HAD
 HELD SEMINARS TO PROMOTE INDUSTRIAL COOPERATION. LIU
 EXPRESSED THE CHINESE DESIRE TO MOVE FOR REASONS OF
 CONVENIENCE THE SUBGROUP ON SERVICES TO THE INVESTMENT
 PROMOTION WORKING GROUP. THREE NEW
 SUBGROUPS—TELECOMMUNICATIONS, PHARMACEUTICALS. SUBGROUPS--TELECOMMUNICATIONS, PHARMACEUTICALS, ENVIRONMENT -- WERE ADDED TO THE BOIC WORKING GROUP.

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DIR: PAE-EPF(1) CASO: CSI-TNT(1) USCP: 4P(Z) USDP: OSAA(1) USCP: MA(1) -CBIANS WASHINGTON CO +USDP:DTSA IN AID (0.5.7) -CSAF WASHINGTON IC -JICPAC HONOLULU -I -NAIC WRIGHT PATTERSON AFB OH/YOXLA// -MARCORINTACT DET QUANTICO VA

3. LIU COMMENTED THAT THE JCCT SERVED AN ACTIVE AND IMPORTANT ROLE IN PROMOTING U.S.-CHINA COOPERATION. HE SAID THAT HE HOPED THAT THE UNITED STATES WOULD TAKE CONGRETE ACTION TO ENCOURAGE BILATERAL INDUSTRIAL COOPERATION. CHINA. AS A DEVELOPING COUNTRY, HOPES TO ATTRACT FOREIGH FUNDS. IT HAS GREAT MARKET POTENTIAL AND LOW LABOR COSTS. LIU STRESSED THAT ORLY WHEN BOTH THE UNITED STATES AND CHIMA BENEFIT FROM TRADE AND INVESTMENT WILL INDUSTRIAL COOPERATION DEVELOP SMOOTHLY.

- 4. LIU STATED THAT AUTHOUGH THE BDIC WORKING GROUP HAD ACHIEVED GREAT PROGRESS DURING THE LAST YEAR, SOME PROBLEMS STILL REMAINED. AND SOME COOPERATIVE ACTIVITIES HAD BEEN POSTPONED. HE RECOMMENDED THAT THE UNITED STATES AND CHINA FURTHER DEVELOP INDUSTRIAL COOPERATION THROUGH: PRONOTING MUTUAL INVESTMENT, TECHNOLOGY TRANSFER, RESEARCH IN LAWS AND MARKET RESULATIONS, AND TECHNOLOGY TRAINING. HE SAID THAT REPRESENTATIVES FROM DIFFERENT U.S. INDUSTRIAL SECTORS AND ENTERPRISES SHOULD LAUNCH TRADE PROMOTIONAL EVENTS. LIU URGED THE UNITED STATES TO ADOPT A "REALISTIC ATTITUDE" IN ITS RELATIONS WITH CHINA, ENCOURAGE TECHNOLOGY TRANSFER, AND HELAX EXPORT CONTROLS.
- U.S. DEPARTMENT OF COMMERCE ASSISTANT SECRETARY FOR TRADE DEVELOPMENT RAY VICKERY REPLIED THAT THE BUIC TRADE DEVELOPMENT RAY VICKERY REPLIED THAT THE BDIC WORKING GROUP HAD ESTABLISHED A STRONG FOUNDATION FOR CONTINUED INDUSTRIAL COOPERATION BETWEEN THE UNITED STATES AND CHINA. DURING A DIFFICULT TIME IN THE U.S.—CHINA RELATIONSHIP, THE BDIC WORKING GROUP HAD MADE TREMENDOUS ACHIEVEMENTS OVER THE COURSE OF THE LAST YEAR. THE BDIC WORKING GROUP HAD SUCCESSFULLY PROHOTED COMMERCIAL ENGAGEMENT BETWEEN THE UNITED STATED AND CHINA. BDIC SUBGROUPS HAD CARRIED OUT IS TRADE EVENTS DURING THE YEAR. AND 42 ARE CURRENTLY SCHEDULED DURING THE RENAMEDER OF 1995 AND 1995.
- B. VICKERY STRESSED THAT IT WAS IMPORTANT TO RECOGNIZE THAT HUNDREDS OF PRIVATE TRADE ORGANIZATIONS AND BUSINESSES HAD PARTICIPATED IN. AND CONTRIBUTED TO THE SUCCESS OF THE BDIC SUBGROUPS. HE SAID THAT HE APPRECIATED CHIMA'S ACCEPTANCE OF FRIVATE SECTOR INVOLVEMENT IN THE BOIC WORKING GROUP. VICKERY CORMENTED HAT AS A PESULI OF EXTENSIVE U.S. -CHINESE COOPERATION. THE BOIC WORKING GROUP HAD ALREADY ACHIEVED A GREAT DEM AND SHOULD HAVE A BRIGHT FUTURE.

7. LIU AGREED THAT THERE HAS BEEN GREAT PROGRESS IN U.S.-CHINESE INDUSTRIAL COOPERATION, BUT COMMENTED THAT THERE IS MUCH STILL YET TO ACHIEVE. HE AGREED WITH THE SUGGESTION OF THE U.S. CO-CHAIR THAT SURVARY REPORTS OF SUBGROUP MEETINGS HELD ON COTOBER 17 BE PRESENTED, AND INSTRUCTED THE CHIMESE REPRESENTATIVE TO THE CHEMICALS SUBGROUP TO BEGIN THE DISCUSSION. FPC

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THEMICALS SUBGROUP

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- 6. WU DESHENG. VICE DIPECTOR OF THE CHINESE MINISTRY OF CHEHTCAL INCUSTRY'S DEPARTMENT OF INTERNATIONAL COOPERATION, SAID THAT CHINESE AND UPS. REPRESENTATIVES OF THE BOIC CHEMICALS SUBGROUP HAD AGREED TO A MORK PROGRAM FOR 1998. HE INDICATED THAT THE TWO SIDES AGREED TO COOPERATE ON TRADE PROPOTION ACTIVITIES. IT HAS BEEN AGREED THAT THE U.S. WILL SEND TWO DELEGATIONS TO CHINA, AND THAT THE CHINESE WILL ALSO SEND DELEGATIONS TO THE UNITED STATES IF TIME PERHITS. WITH REGARD TO A CHEMICALS SUBGROUP-SPONSORED TRAINING PROJECT, IT HAS BEEN AGREED THAT THERE MAY BE COOPERATION IN A COMPOSITE FERTILISER PROGRAM. TWO REMAINING PROBLEMS WHICH REMAIN INCLUDE: CONCERNS BY U.S. FIRMS ABOUT THE LEVEL OF DETAIL REQUIRED BY CHINA'S CHEMICAL REGISTRATION SYSTEM, AND THE QUESTION OF MARKET ACCESS AND EQUAL TREATMENT OF FOREIGH AND CHINESE FIRMS BY THE CHINESE GOVERNMENT.
- 9. MICHAEL COPPS. U.S. DEPARTMENT OF COMMERCE DEPUTY ASSISTANT SECRETARY FOR BASIC INDUSTRIES, AGREED WITH MU'S ASSESSMENT OF THE CHEMICALS SUBGROUP MEETING. HE ADDED THAT THE CHEMICALS SUBGROUP IS A FICHERPING SUBGROUP OF THE THE BOIC AND IS XNOWN FOR ITS AGGRESSIVE AND EMERGETIC AGENDA. HE THANKED THE CHINESE SIDE FOR PERMITTING U.S. PRIVATE FIRMS TO PROVIDE INPUT TO THE SUBGROUP.

ELECTRONICS SUBGROUP

- 10. TONG BAGAN, DEPUTY DIRECTOR OF THE CHINESE MINISTRY OF ELECTRONICS' INTERRATICALL AFFAIRS OFFICE, SALD THAT SIX OF THE 18 WORK PROJECTS SIGNED AT THE 8TH JCCT PLEMARY HAVE BEEN REALIZED OVER THE COURSE OF THE LAST YEAR. HE SAID THAT HE HOPED PROJECTS NO. 11 AND 12 CAN BE REALIZED BEFORE THE END OF 1998. HE COMMENTED THAT THE CHINESE WERE SATISFIED WITH THE PROGRESS OF THE ELECTRONICS SUBGROUP.
- 11. U.S. DEPARTMENT OF COMMERCE PRINCIPAL DEPUTY
 ASSISTANT SECRETARY ROBINSON ALSO PRAISED THE SUCCESS OF
 THE ELECTRONICS SUBGROUP. HE SAID THAT HE HOPED FOR EVEN
 GREATER SUCCESS DURING THE REMAINDER OF 1995 AND 1996.
 ROBINSON STATED THAT HE ALSO MOPED THAT THE AMBITIOUS
 SUBGROUP PLAN COULD BE SIGNED AT THE NEXT SUBGROUP
 HEETING.

ELECTRIC POWER SUBGROUP

12. DEPUTY DIRECTOR GENERAL LIU THAN OF THE CHINESE MIRISTRY OF ELECTRIC POWER SAID THAT THE ELECTRIC POWER SUBGROUP HAD AGREED TO PROMOTE BILATERAL COOPERATION IN ELECTRIC POWER CURING 1998. U.S. DEPARTMENT OF ENERGY DEPUTY ASSISTANT SECRETARY FOR POLICY, JESSIE HARRIS, STATED THAT THE UNITED STATES HAD AGREED TO SPONSOR A MUMBER OF TRADE PROMOTION EVENTS DURING 1998 AS WELL AS BUILD UPON EXISTING INITIATIVES. SHE INDICATED THAT COAL TECHNOLOGY AND TRANSMISSION/DISTRIBUTION TRADE MISSIONS WILL BE HELD CURING THE FIRST HALF OF 1998, AND THAT A ROUND-TABLE ON ELECTRIC POWER TRADE FINANCING WILL BE HELD IN VASHINGTOR IN SEPTEMBER 1998

ENVIRONMENTAL BUSAROUP

13 THINA ENVIRONMENTAL PROTECTION BURERU ICIENCE DEPORTMENT DIRECTOR VIN BAI ICHNENTED THAT THE BOIC ENVIRONMENTAL SUBGROUP WAS ONLY OFFICIALLY SET UP ON DCTOBER 17, BUT HAD HAD A NUMBER OF ACHIEVEMENTS RUREADY DURING 1995, THE UNITED STATES AND THINA HAVE AGREED TO A UNCLAS SECTION 03 OF 04 BEIJING 044465

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DEPT ALSO PASS HEC FOR BOWMAN CUTTER

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USDCC ALSO FOR 4470/159/EAP/CEA/DFOREST

USDOC ALSO FOR \$130/3TA/1A/OP/AHSU

E.G. 12358: N/A

TAGS: BBSR. BTIO. ECON. ETRO. BEXP. EINV. CH SUBJECT: JCCT'S BUSINESS DEVELOPMENT AND INDUSTRIAL COOPERATION PLENARY SESSIONS OCTOBER 17

WORK PROGRAM FOR 1996. THE MOST IMPORTANT ELEMENT OF WHICH IS A PLANNED SEMINAR ON WASTE DISPOSAL. A NUMBER OF SEMINARS, INCLUDING A ROUND-TABLE DISCUSSION ON CHIVA'S ENVIRONMENTAL AGENDA 21 ARE PLANNED FOR MEXT YEAR

14 U.S. COMMERCE PRINCIPAL DEPUTY ASSISTANT SECRETARY ROBINSON REPLIED THAT THE UNITED STATES IS PLEASED TO SEE THAT CHINA RECOGNIZES THE IMPORTANCE OF THE ENVIRONMENTAL SECTOR. HE CONCENTED THAT THE U.S. SIDE OF THE ENVIRONMENTAL SUBGROUP HAD BEEN VERY INTERESTED IN CHINA'S ENVIRONMENTAL AGENDA 21 AND RIVER-RELATED PROJECT PRESENTATIONS.

MEDICAL PRODUCTS AND TELECONMUNICATIONS

PRESENTATIONS WERE ALSO MADE BY CHINA'S STATE PARMACEUTICAL BUREAU DEPUTY DIRECTOR GENERAL SHI XUAN AND HIMISTRY OF POSTS AND TELECOMMUNICATIONS OFFICE OF .
INTERNATIONAL AFFAIRS DEPUTY DIRECTOR CHAI GUNGLIAM. SHI STATED THAT THERE ARE ALREADY 120 U.S.-CHINA JOINT VENTURES HAVOLYING THE PHARMACEUTICAL INDUSTRY. AND THAT HE POPED COOPERATION IN THIS SECTOR WILL PROGRESS EVEN MORE SMOOTHLY IN THE FUTURE. CHAI STATE THAT THERE IS MUCH COOPERATION BETWEEN THE UNITED STATES AND CHINA ON THE PURCHASE AND SALE OF TELECOMMUNICATIONS EQUIPMENT.

PRIVATE SECTOR PARTICIPATION

- 15. PRICE TO ALLOWING REPRESENTATIVES OF THE U.S. PRIVATE SECTOR INTO THE CONFERENCE ROOM TO ATTEMD THE MEETING, THE U.S. AND CHINA CO-CHAIRS SIGNED A JOINT COCUMENT OUTLINING ACCOMPLISHMENTS AND CRISCITYES OF THE BOIC WORKING GROUP. J.S. CO-CHAIR VICKERY THEN INTRODUCED THE PRIVATE SECTOR PARTICIPANTS. HE STRESSED THAT IT IS ONLY THROUGH A STRONG AND CLOSE RELATIONSHIP ALTH THE PRIVATE SECTOR THAT THE BDIC WORKING GROUP CAN REPRESENTATIVES INCLUDED EXECUTIVES FROM WESTINGHOUSE, JOHNSON AND JOHNSON, LENNA CORPORATION (MASTE MANAGEMENT) EASTMAN EMMICAL, PHILIPS RETROLEUM, STOMA, ERM SYVIRONMENT, U.S. HIND TECHNOLOGY EXCHANGE, THE SOFTWARE PUBLISHERS RESOCIATION, AND THE U.S. ELECTRONICS ASSOCIATION.
- COMPARED THAT HE WAS GLAD TO MEET WITH SO MANY REPRESENTATIVES OF FAMOUS U.S. CORPORATIONS. HE COMMENTED THAT CHINA IS VILLING TO COOPERATE IN THE FIRED OF FECHNOLOGY AND WANTS TO BUY I.S. COUPPMENT. HE RESTERATED THAT THERE IS GREAT POTENTIAL FOR J.S. COMPANA TRADE AND COOPERATION, BUT THAT HIGH TECHNOLOGY EXPORT CONTROLS HINDER THIS TRADE. HE STATED FAT MANY U.S. FIRMS WANT TO SELL HIGH TECHNOLOGY EQUIPMENT TO CHINA, BUT ARE UNABLE TO GET EXPORT LICENSES FROM THE U.S. GOVERNMENT. LIU CITED AS AN EXAMPLE MUCLEAR POWER PLANTS AND STATED THAT CHINA

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WANTED TH THE 1980'S TO BUT FROM WESTINGHOUSE, BUT WAS FORCED INSTEAD TO GO TO THE FRENCH. LIU SAID CHAT THE UNITED STATES WEEDS TO MOVE AWAY FROM COCCO! EXPORT CONTROLS AND EXPAND HIGH TECHNOLOGY EXPORTS TO CHIRA. THIS WILL EXPAND EMPLOYMENT IN THE UNITED STATES AND REDUCE THE U.S. BILATERAL TRADE DEFICIT WITH CHIRA.

18. BILL ARCHIE, PRESIDENT OF THE U.S. ELECTRONICS HAMUFACTURERS ASSOCIATION, AND RICHARD GASKINS OF WESTINGHOUSE EACH MADE BRISE PRESENTATIONS TO THE BDIC FLENARY. ARCHIE STRESSED TO THE CHINESE THAT HOST MEMBERS OF HIS ASSOCIATION ARE SMALL SCALE FIRMS. HE STATED THAT TECHNOLOGICAL INNOVATION AND MARKET OPPORTUNITIES OFFEN COME FROM SMALLER FIRMS. CHINA CO-CHAIR LIU SAID THAT THE CHINESE HAVE NEVER TRIED TO LOOK DOWN ON SMALLER FIRMS. HE SAID HE VOULD BE OPEN TO ANY SPECIFIC SUGGESTIONS FROM THE U.S. SIDE -- PERHAPS THROUGH A LETTER FROM U.S. CO-CHAIR VICKERY AFTER THE JCCT PLENARY -- ON HOW THE CHINESE CAN BEST EXPAND CONTACTS WITH SMALL AND NEDIUM ENTERPRISES.

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COOPERATION PLENARY SESSIONS CCTOBER 17

19. RICHARD GASKINS STATED THAT VESTINGHOUSE HAS HAD FIFTEEN YEARS OF EXPERIENCE IN TECHNOLOGY TRANSFER IN CHIMA. HE COMMENTED, HOWEVER, THAT CHIMA'S GREAT HEED OF INVESTMENT CAPITAL TO FINANCE INFRASTRUCTURE PROJECTS COULD BE MORE EASILY MET IF CHIMA IMPROVED ITS INVESTMENT CLIMATE FOR FOREIGN INVESTORS. LIU THANKED GASKINS FOR MIS FRANK REMARKS. HE STATED THAT CHIMA HAS ALREADY MADE AND IS MAKING SUBSTANTIAL INVESTMENTS IN ITS ELECTRIC POWER INDUSTRY. AND CITED THE THREE GORGES PROJECT AS AN EXAMPLE. LIU COMMENTED THAT FOREIGN INVESTMENT IN CHIMA SHOULD BE MUTUALLY BENEFICIAL TO BOTH SIDES.

CO. THIS CABLE HAS CLEARED BY DEPARTMENT OF COMMERCE ASSISTANT SECRETARY VICKERY PRIOR TO HIS DEPARTURE FROM BEILDING, HALLFORD BT

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